GOVERNMENT OF INDIA
COAL
LOK SABHA

UNSTARRED QUESTION NO:2328
ANSWERED ON:29.08.2007
REVISION OF COAL ROYALTY RATES
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Will the Minister of COAL be pleased to state:

(a) whether the Union Government has taken a decision to revise the royalty rates on Coal and Lignite;

(b) if so, the details thereof;

(c) the formula to be adopted to determine the royalty rates;

(d) the benefits likely to accrue to each of the States as a result thereof;

(e) the State-wise details of royalty presently being charged on different grades of coal and the new rates after revision;

(f) whether the some coal producing States including West Bengal have approached the Union Government for increasing the royalty rates on coal;

g) if so, the details thereof along with reaction of the Union Government thereto; and

h) the time by which the revised rates are likely to be implemented?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF COAL (DR. DASARI NARAYANA RAO)

(a) & (b) Yes, Sir. The Central Government has revised the rates of royalty on coal and lignite with effect from 01.08.2007.

(c) The formula for royalty on coal and lignite is based on a combination of specific and advalorem levies. The formula stipulated is as under:

R (Royalty) = a + bp, where 'a' is fixed component, 'b' is variable or ad valorem component and 'p' is basic pithead price of Run of Mine Coal as per invoice

(d) The likely benefit to the State Governments would be about 24% and 29% increase in revenue earnings from royalty on coal and lignite respectively as calculated based on production levels of 2004-05.

(e) The royalty rates are charged on the basis of grades of coal. The royalty rates revised on 16.8.2002 and the current rates are as under :

Grade of Coal Group	Royalty as on 16.08.02	Royalty rates revised on 01.08.2007
	In Rupees per tonne	
Group- I Steel Gr.II	Steel Gr-I 250.00 250.00	
	Washery-I 250.00	Rs.180.00 Plus 5% of the price of coal.
	Direct Feed 250.00	
Group- II Semi Coking Gr.II	Washery-II 165.00 Washery-III 165.00	
	Semi Coking 165.00	Rs.130.00 Plus 5% of the price of coal
	Gr.I Semi Coking 165.00 Gr.II	

	Grade A	165.00	
	Grade B	165.00	
Group- III	Washery-IV	115.00	Rs.90.00 Plus 5% of the price of coal
	Grade C	115.00	
Group- IV	Grade D	85.00	Rs.70.00 Plus 5% of the price of coal
	Grade E	85.00	
Group- V	Grade F	65.00	Rs.55.00 Plus 5% of the price of coal
	Grade G	65.00	
Group- VI	Coal produced in Andhra Pradesh.	90.00	The in formula based on a combination of fixed and advalorem components would be applicable to Andhra Pradesh as well,as per the grades of coal.

The royalty rate on lignite was earlier fixed at Rs.50 per tonne on 15.03.2001. The revised royalty rate of lignite is Rs.45+2% of lignite price per tonne.

f) & (g) Most of the coal producing States including West Bengal had approached the Central Government for revision of rates of royalty on coal. The revised rates on coal were not made applicable to coal produced in West Bengal as the State is levying cess on coal bearing land at about 25% ad valorem in addition to royalty, which is more than the revised rates of royalty.

(h) Revised rates on coal and lignite have been implemented with effect from 01.08.2007.